

Training for Security

The shura president of Pusht-e Rod district discusses security with the Farah Chief of Police, the Masaw Afghan Local Police commander, and the U.S. Task Force Arrow commander after an Afghan Local Police recruitment ceremony on January 1, 2011. The ceremony culminated six weeks of training that prepared more than 130 Afghans to secure local villages in the district. (ISAF photo, MSgt Brian D. Smith)

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“In Afghanistan, we remain focused on the three areas of our strategy: our military effort to break the Taliban’s momentum and train Afghan forces so they can take the lead; our civilian effort to promote effective governance and development; and regional cooperation, especially with Pakistan, because our strategy has to succeed on both sides of the border.”

—*U.S. President Barack Obama*

Source: President Barack Obama, “Statement by the President on the Afghanistan-Pakistan Annual Review,” 12/16/2010.

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Three significant events this quarter will impact the direction of the U.S. reconstruction effort in 2011:

- the agreements reached at the North Atlantic Treaty Organization (NATO) summit in November 2010
- the U.S. Administration's annual review of its strategy for Afghanistan and Pakistan, which was completed in December 2010
- the enactment of the National Defense Authorization Act (P.L. 111-383), which President Obama signed into law on January 7, 2011

Taken together, these events established or clarified reconstruction objectives, created a timeline for the GIRoA to take over full responsibility for security, and provided legislation to define and support critical aspects of the U.S. reconstruction effort going forward. The emphasis over the next year will be on building Afghan capacity and ensuring that reconstruction projects are sustainable.

SIGAR's FY 2011 audit plan, described in Section 1 of this report, is focused on identifying waste, fraud, and abuse of taxpayer dollars and determining whether U.S.-funded projects are achieving their intended outcomes and can be sustained.

NATO SUMMIT IN LISBON ESTABLISHES TRANSITION TIMELINE

During this reporting period, the United States, its partners in the international community, and the Government of the Islamic Republic of Afghanistan (GIRoA) set a timeline for the GIRoA to take full responsibility for security by the end of 2014. To accomplish the transition, the United States and the international community will devote most of their resources to building the Afghan National Security Forces (ANSF), improving Afghan capacity to govern, and establishing a foundation for sustainable economic development.

At the NATO summit in November, the 48 nations contributing to the NATO-led International Security Assistance Force (ISAF) in Afghanistan, together with the GIRoA, agreed to begin to turn over security operations to the ANSF in some districts and provinces this year, and to complete this transition by the end of 2014. They also vowed to remain committed to supporting Afghanistan long after the transition. The United States, which has nearly 102,000 troops on the ground, is the largest contributor to ISAF. U.S. forces account for about 82,000 of the nearly 132,000 personnel reporting to ISAF.¹

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The November 20, 2010, declaration, issued at the end of the summit, stated that NATO is entering a new phase in its mission and that “the process of transition to full Afghan security responsibility and leadership in some provinces and districts is on track to begin in early 2011, following a joint Afghan and NATO/ISAF assessment and decision.”² The declaration also cautioned that the transition “will be conditions-based, not calendar-driven, and will not equate to withdrawal of ISAF troops.”³

Although the NATO declaration identified strengthening the ANSF as its core mission, it also emphasized the importance of the international civilian effort, including the work of the Provincial Reconstruction Teams (PRTs), to build Afghan governing capacity and provide long-term development assistance. Noting that corruption poses a serious challenge for the GIRoA, the declaration stressed the importance of continued effort to “improve governance, strengthen the rule of law, and ensure sustainable economic growth.”⁴

According to summit participants, if Afghanistan is to achieve lasting stability, it must develop a process that allows for the reconciliation and reintegration of insurgents. The participants welcomed Afghan-led initiatives such as the Consultative Peace Jirga, the High Peace Council, and the Afghan Peace and Reintegration Program. They said they would “continue to support Afghan-led efforts to reconcile and reintegrate those members of the insurgency who renounce violence, cut links with terrorist groups, and accept the Afghan constitution.”⁵ The declaration reiterated the international community’s commitment to human rights, particularly the rights of women.

The U.S. government’s annual review of its strategy in Afghanistan and Pakistan incorporated the agreements reached at the NATO Summit.

U.S. POLICY UNCHANGED FOLLOWING REVIEW OF U.S. STRATEGY IN AFGHANISTAN AND PAKISTAN

In December 2010, the Administration completed the Afghanistan and Pakistan Annual Review, which examined all aspects of U.S. policy in the region. The review concluded that the United States has made significant progress toward achieving the core goals of disrupting, dismantling, and defeating al-Qaeda in Afghanistan and Pakistan, as well as denying the Taliban the ability to overthrow the GIRoA. The review attributed the progress to the accelerated deployment of U.S. and international military and civilian resources that began in July 2009. It said the strategy developed in 2009 was achieving its objectives and had created the conditions “to begin a responsible reduction of U.S. forces in July 2011.”⁶ The late U.S. Special Representative to Afghanistan and Pakistan, Ambassador Richard C. Holbrooke, was a principal architect of the strategy and participated in the review. President Barack Obama noted that the review “reflected the dedication of Ambassador Richard Holbrooke, whose memory we honor and whose work we’ll continue.”⁷

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In his statement about the review, President Obama noted that “the challenge remains to make our gains durable and sustainable.”⁷⁸ U.S. resources will be channeled into four critical areas:

- the military effort to break the Taliban’s momentum and train Afghan forces to take the lead in providing security
- the civilian effort to promote effective governance and economic development
- regional cooperation, especially with Pakistan
- achieving a durable and favorable political resolution to the conflict

Reconstruction will continue to emphasize building the ANSF to enable the Afghan National Army (ANA) and the Afghan National Police (ANP) to assume responsibility for Afghanistan’s security by the end of 2014. However, President Obama warned that for “these security gains to be sustained over time, there is an urgent need for political and economic progress in Afghanistan.”⁷⁹ Therefore, the U.S. government will continue to fund reconstruction programs that help Afghanistan improve national and subnational governance, reduce corruption, and support efforts to achieve a political solution to the conflict. The United States will also fund focused investments in infrastructure that provide a foundation for economic development.¹⁰

Building on the transition plan announced by NATO and the goals of the U.S. strategy, the U.S. civilian and military leadership in Afghanistan has developed a joint civilian-military campaign plan for 2011. According to the U.S. Embassy Kabul,



President Barack Obama makes a surprise visit to service members and civilians at Bagram Air Base on December 3. This quarter, the Administration completed a comprehensive review of Afghanistan policy, which found significant progress toward meeting U.S. goals. President Obama noted the continuing challenge of making these gains “durable and sustainable.” (U.S. Army photo, SSgt Lorie Jewell)

a final draft of the plan is ready to be signed by Ambassador Karl Eikenberry and General David Petraeus.

The FY 2011 National Defense Authorization Act includes several provisions to support the U.S. reconstruction strategy and increase oversight of contractors.

FY 2011 NATIONAL DEFENSE AUTHORIZATION ACT ADDRESSES RECONSTRUCTION ISSUES

On January 7, 2011, President Obama signed the FY 2011 NDAA (P.L. 111-383). In addition to authorizing more than \$11.6 billion to fund the development of the ANSF, the NDAA authorized the creation of a new infrastructure program to support the U.S. counter-insurgency effort in Afghanistan. It also gave the DoD authority to fund reintegration activities. The legislation established new requirements to improve oversight of contractors. Addressing growing concerns about sustainability, the provisions related to the Commander's Emergency Response Program (CERP) and the new infrastructure program require implementing agencies to show how proposed reconstruction projects will be sustained.

Legislation Limits CERP Funding and Establishes New Infrastructure Program

The NDAA extends CERP for one year, authorizes up to \$400 million for CERP in Afghanistan in FY 2011, and limits the cost of individual CERP projects to \$20 million. It further requires the Secretary of Defense to notify the Congress not less than 15 days before obligating CERP funds for any project in Afghanistan that is expected to cost \$5 million or more. The notification must include the following elements:¹¹

- the location, nature, and purpose of the proposed project, including how the project is intended to advance the military campaign for Afghanistan
- the budget and implementation timeline for the proposed project
- a plan for the sustainment of the proposed project

The law reflects congressional concern that DoD was using CERP to fund large scale projects to support its counter-insurgency strategy rather than for the original purpose—to implement small-scale projects to enable military commanders to meet the urgent humanitarian relief and reconstruction needs within their areas of responsibility.

In October 2009, SIGAR's audit of DoD's internal controls over CERP funds found that CERP was increasingly being used to fund large infrastructure projects of \$500,000 or more. At the time, SIGAR pointed out that although large projects accounted for only 3% of all CERP projects, they consumed more than 67% of CERP funds. SIGAR observed that large projects pose increased risks for CERP for three reasons:¹²

- These projects usually take several years to complete.
- CERP program managers have been trained to implement small projects with short timeframes, not complex projects with long timeframes.

- Given the relatively short military rotations in Afghanistan, it is difficult to maintain the continuous management and oversight needed to successfully complete more complicated projects.

USFOR-A disagreed that using CERP for large projects poses management risks, pointing out that most of the large contracts were to build roads, which are easier to manage than other kinds of projects.¹³ However, SIGAR's audit this quarter of 69 CERP projects in Laghman province—valued at \$53 million—found that the highest-cost and most complex projects, including roads, were the most at risk of achieving questionable outcomes.¹⁴ For more information on this audit, see Section 1.

The FY 2011 NDAA authorized the creation of a new fund—the Afghanistan Infrastructure Fund (AIF)—to be the primary source of DoD funding for large development and reconstruction projects in Afghanistan.¹⁵ The legislation allows DoD to put up to \$400 million of its FY 2011 operations and maintenance funds into the AIF, which will support a joint DoD/DoS infrastructure program.¹⁶

Afghanistan Infrastructure Program

The FY 2011 NDAA authorizes the Secretaries of Defense and State to establish a program to jointly develop high-priority, large infrastructure projects in support of the civil-military campaign in Afghanistan. The Afghanistan Infrastructure Program will be supported by the new \$400 million DoD infrastructure fund and by DoS/USAID foreign assistance resources. Both DoD and DoS must agree on all infrastructure projects. The U.S. Army Corps of Engineers and USAID will implement the projects. The legislation stipulates that these may include water, power, and transportation projects, as well as other projects in support of the U.S. counter-insurgency strategy in Afghanistan.¹⁷

The legislation requires the Secretary of Defense to notify the Congress at least 30 days before obligating funds or transferring funds to DoS for implementing a project under this program. The notification letter must contain a description of the details of the project, a plan for the sustainment of the project, and a description of how the project supports the counter-insurgency strategy in Afghanistan.¹⁸

Funds for Reintegration Activities in Afghanistan

Under the new legislation, the Secretary of Defense may use a maximum of \$50 million from DoD's operations and management budget to support the reintegration of Afghan insurgents who pledge the following:

- to cease all support for the insurgency in Afghanistan
- to live in accordance with the Constitution of Afghanistan
- to cease violence against the GIRoA and its international partners
- that they do not have material ties to al-Qaeda or affiliated transnational terrorist organizations

The legislation requires the Secretary of Defense to issue guidance on how DoD intends to allocate the reintegration funds. This guidance must include

mechanisms for coordination with the GIRoA and other U.S. government agencies, and mechanisms to track rates of recidivism among Afghans who participate in the reintegration program.¹⁹

SIGAR To Provide Recommendations on Oversight of Contractors Engaged in Activities Relating to Afghanistan

The FY 2011 NDAA requires SIGAR—in consultation with the inspectors general of DoD, DoS, and USAID—to take the following actions within 90 days of its enactment (by April 7, 2011):

- Provide recommendations on ways to increase oversight of contractors engaged in activities relating to Afghanistan.
- Report on the status of efforts of the DoD, USAID, and DoS to implement existing recommendations regarding oversight of these contractors.
- Report on the extent to which military and security contractors or subcontractors engaged in activities relating to Afghanistan have been responsible for the deaths of Afghan civilians.

The Congress has specifically requested recommendations to reduce U.S. reliance on military and security contractors responsible for the deaths of Afghan civilians, as well as Afghan militias or other armed groups that are not part of the ANSF.²⁰ Other provisions of the law require contracting authorities to provide sufficient oversight of private security contractors (PSCs) to ensure that these contractors are fulfilling the terms of their contracts and complying with regulatory requirements.²¹

As part of its legislative mandate, SIGAR has begun a series of audits to assess the management and oversight of PSCs and their performance in Afghanistan. The first of these audits is examining a USACE contractor and is scheduled to be completed next quarter. Because of growing concern about the activities of PSCs and President Karzai's decree to limit the continuing role of PSCs in Afghanistan, SIGAR is planning audits on several PSCs providing security for U.S. reconstruction efforts and their compliance with U.S. and Afghan legal requirements.

SIGAR LOOKING FORWARD

During 2010, the international community and the GIRoA held a series of meetings—the international conference in London at the end of January, the Kabul Conference in July, and the NATO Summit in Lisbon in November—to set the stage for the GIRoA to assume responsibility for security and economic development. The NATO Summit and the U.S. Administration's strategic review signaled that the transition in the security sector would start this year and conclude in 2014.

The transition plan depends on developing Afghan capacity in every sector, but particularly in the security sector. Of the more than \$56 billion that the Congress has appropriated for reconstruction since 2002, approximately \$29 billion (more than 52%) has gone to develop the ANSF. More than \$11.6 billion (nearly 62%) of the nearly \$18.8 billion that the President has asked the Congress to appropriate

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for reconstruction in FY 2011 would go to training, equipping, and building facilities for the ANSF.

SIGAR developed its FY 2011 audit plan to ensure that it provides oversight of the reconstruction programs that the United States provides the greatest resources for and considers most critical to achieving its strategic objectives in Afghanistan. Thus, 6 of SIGAR's 16 ongoing audits are assessing aspects of the U.S. effort to build the ANSF. They include audits of high-priority construction projects, such as the \$161 million Kabul Military Training Center and the \$83 million Afghan Defense University, as well as reviews of ANP personnel management and ANSF accountability for vehicles provided by the United States.

The rest of the funding would largely fund programs to promote good governance and economic development. SIGAR is also conducting a variety of contract and program audits that assess a range of reconstruction activities. They include an audit of USAID contracts to build local governing capacity as well as reviews of U.S.-funded programs to develop Afghanistan's banking and agriculture sectors. For a summary of SIGAR's ongoing audits, see Section 1.

SIGAR investigators will continue to work closely with other federal agencies and with Afghan law enforcement bodies to detect and investigate allegations of contract and procurement fraud, corruption, and other criminal activity related to the abuse of U.S. reconstruction dollars. This collaboration is beginning to produce results. This quarter, at the request of the Afghan Shafafiyat Investigative Unit (ASIU), a joint U.S.-Afghan investigative team, SIGAR participated in negotiations with two companies that resulted in the repayment of \$22 million in unpaid wages for 4,000 Afghan workers and \$11 million in unpaid taxes to the GIROA.

Throughout this year, SIGAR auditors and investigators will remain focused on detecting and deterring waste, fraud, and abuse of U.S. reconstruction dollars. SIGAR will also be assessing the degree to which U.S. taxpayer dollars are supporting sustainable programs that are helping the United States achieve its reconstruction objectives.